

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5514-01
Bill No.: HB 1575
Subject: Business and Commerce, Holidays
Type: Original
Date: February 12, 2014

Bill Summary: This proposal would establish the Thanksgiving Family Protection Act that would require retailers, with specified exceptions, to be closed during the hours of 12:00 a.m. to 11:59 p.m. on Thanksgiving Day.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Although they did not respond to our request for fiscal information, officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed similar language HB 1284 LR 4694-01 would not result in any additional costs or savings to their organization.

BAP officials noted the proposal would prohibit any store or shop which sells goods at retail from being open on Thanksgiving.

ASSUMPTION (continued)

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization but note the proposal could reduce sales tax revenues.

Because sales tax is remitted monthly, quarterly, and annually, it is impossible to determine the amount of sales tax collected on Thanksgiving Day of last year. For the fourth quarter of 2012, there was a total of \$17.8 billion in sales after removing those businesses that would still be allowed to operate under this legislation. If businesses are required to close on Thanksgiving Day, the Department estimates that a loss of \$8.2 million would be lost in total sales tax remitted based on the 4.225% tax rate.

However, this estimate may be understated if Thanksgiving Day discounts drive up total sales, or overstated if businesses choose to close for the holiday regardless of this legislation.

Oversight notes this proposal would prohibit most retail businesses in the state from conducting business on Thanksgiving Day, and assumes there would be a loss of sales tax revenues if retail businesses in Illinois and Kansas conduct business while retail businesses in the Kansas City and St. Louis areas are required to close. Because some sales could be made the day before or the day after the holiday, Oversight is not able to estimate the amount of sales tax revenues which would be lost, and will indicate unknown sales tax revenue reductions for the General Revenue Fund, other state funds which receive sales tax revenues, and for local governments.

Oversight is aware that School District Trust Fund revenues are distributed to school districts but will not include that distribution in this fiscal note.

This proposal would have an impact beginning with Thanksgiving Day in November 2014 (FY 2015). Accordingly, Oversight will indicate an unknown revenue reduction for FY 2015, FY 2016, and FY 2017.

Officials from the **Office of the Secretary of State (SOS)** and the **Joint Committee on Administrative Rules** assume the proposal would have no fiscal impact on their organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Revenue reduction - sales tax</u> Section 407.1600 RSMo.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
CONSERVATION COMMISSION FUND			
<u>Revenue reduction - sales tax</u> Section 407.1600 RSMo.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
PARKS, AND SOIL AND WATER FUND			
<u>Revenue reduction - sales tax</u> Section 407.1600 RSMo.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction - sales tax</u> Section 407.1600 RSMo.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
<u>Revenue reduction</u> - sales tax Section 407.1600 RSMo.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could reduce sales for small businesses.

FISCAL DESCRIPTION

This proposal would require stores or shops whose primary purpose is retail sales to close for business on Thanksgiving.

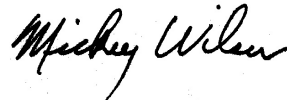
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Revenue

Not responding:

Office of Administration
Division of Budget and Planning

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 12, 2014

Ross Strobe
Assistant Director
February 12, 2014